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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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CONTENTS

	<u>Page</u>		<u>Page</u>
: Summary	1	: Corn and other Feed	13
: Output and Employment	3	: Wheat	14
: Income and Related Factors	6	: Fruit	15
: Commodity Prices	7	: Commercial Truck Crops	16
: Farm Income	10	: Potatoes and Sweetpotatoes	17
: Livestock and Meat	10	: Cotton	17
: Dairy Products	11	: Wool	18
: Poultry and Eggs	12	: Tobacco	19
: Fats and Oils	12		

SUMMARY

Prices received by farmers again eased downward in June for the fourth consecutive month. Lower prices for most groups of commodities resulted in a decline in the index of prices received by mid-June to 301 (1910-14=100), a drop of 4 points from the previous month. Average prices paid by farmers, including interest, taxes and wage rates continued at 283 in mid-June. The decline in prices received by farmers reduced the parity ratio to 106, two points below May. Lower prices in almost all commodity groups contributed to a small decline in the general level of wholesale prices during the month ending June 26.

In recent months, an easing in consumer demand has been offset by increasing expenditures by business for new plant and equipment, and by the Government for national defense. In total, economic activity has held stable at a high level. With personal incomes rising as a result of increasing wage rates, a longer work week, and record high employment, consumer demand is also likely to strengthen gradually.

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1950		1951				
		Year	May	February	March	April	May	
Industrial production <u>1/</u>								
Total	1935-39=100	200	195	221	223	223	223	
All manufactures	do.	209	204	232	234	234	233	
Durable goods	do.	237	231	271	278	278	277	
Nondurable goods	do.	187	181	200	199	198	198	
Minerals	do.	148	145	158	158	164	165	
Construction activity <u>1/</u>								
Contracts, total	1935-39=100	514	477	563	530	650	603	
Contracts, residential	do.	748	743	762	716	694	659	
Wholesale prices <u>2/</u>								
All commodities	1926=100	162	156	184	184	184	183	
All commodities except farm and food	do.	153	148	172	172	172	172	
Farm products	do.	170	165	203	204	202	200	
Food	do.	166	160	188	187	186	187	
Prices received and paid by farmers <u>3/</u>								
Prices received, all products	1910-14=100	256	247	313	311	309	305	
Prices paid, interest, taxes and wage rates	do.	255	253	276	280	283	283	
Parity ratio	do.	100	98	113	111	109	108	
Consumers' price <u>2/</u> <u>4/</u>								
Total	1935-39=100	172	169	184	184	185	185	
Food	do.	204	200	226	226	226	227	
Nonfood	do.	154	152	162	163	163	164	
Income								
Nonagricultural payments <u>5/</u>	Bil. dol.	205.6	198.4	222.4	224.0	224.7		
Income of industrial workers <u>3/</u>	1935-39=100	369	349	419	425	426		
Production worker pay rolls <u>2/</u>	do.	396	370	458	464	461		
Weekly earnings of factory workers <u>2/</u>								
All manufacturing	Dollars	59.23	57.54	63.80	64.33	64.74	64.35	
Durable goods	do.	63.19	61.57	67.98	69.01	69.76	69.39	
Nondurable goods	do.	54.66	52.83	58.28	58.40	58.20	57.78	
Employment								
Total civilian <u>6/</u>	Millions	60.0	59.7	58.9	60.2	60.0	61.2	
Nonagricultural <u>6/</u>	do.	52.4	51.7	53.0	53.8	53.4	53.8	
Agricultural <u>6/</u>	do.	7.5	8.1	5.9	6.4	6.6	7.4	
Government finance (Federal) <u>7/</u>								
Income, cash operating	Mil. dol.	3,538	2,939	4,877	8,489	2,960		
Outgo, cash operating	do.	3,497	3,700	3,522	4,219	4,144		
Net cash operating income or outgo ..	do.	+40	-762	+1,356	+4,270	-1,184		

Annual data for the years 1929-49 appear on page 32 of the April 1951 issue of The Demand and Price Situation.

Sources:

- 1/ Federal Reserve Board, construction activity converted to 1935-39 base.
- 2/ U. S. Department of Labor, Bureau of Labor Statistics.
- 3/ U. S. Department of Agriculture Bureau of Agricultural Economics, to convert prices received and prices paid, interest, taxes and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively.
- 4/ Consumers' price index for moderate-income families in large cities.
- 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates.
- 6/ U. S. Department of Commerce, Bureau of the Census.
- 7/ U. S. Department of Treasury. Data for 1950 are on average monthly basis.

Retail buying of both durable and nondurable goods has declined considerably from its recent peak, reflecting in part the effects of advance buying, particularly of consumer durables, which occurred after the beginning of the Korean conflict and again early in 1951. In addition, supplies of many consumer goods continue high relative to sales and in some lines inventories are still rising. Expenditures for consumer goods and for construction probably have been somewhat restricted by credit controls, both compulsory and voluntary. Consumer installment indebtedness leveled off in the last quarter of 1950 when controls were imposed and declined from around 13.5 billion dollars at the close of 1950 to 12.9 billion dollars by the end of April.

The reduced demand for consumer durable goods has been the most important factor in the decline in output of these goods and has facilitated the shift to production of defense goods such as munitions, aircraft, and heavy machinery. Although these shifts in the pattern of production have resulted in unemployment in some consumer goods industries, total unemployment continues low, at 1.6 million persons in May, the lowest since October 1945. Expanding labor requirements so far this year have apparently been met by a reduction in unemployment and increasing average hours worked per week rather than by an increase in the size of the civilian labor force.

Commodity Highlights

Pork production this summer is expected to be 5 to 10 percent larger than last summer and a similar gain over a year ago may continue when hog marketings begin this fall from the spring crop. A further seasonal rise in hog prices is likely in July and August, but the total increase probably will be less than usual because of ceiling prices on pork. Average prices received by farmers for milk will advance in coming months mostly as a result of seasonal influences. Continued seasonal advances in average prices of eggs are likely during the next few months. Production of primary edible fats and oils other than butter is expected to be about 5 percent larger this summer than last. Although average wheat prices may weaken following the 1951 harvest, they are expected to advance later in the marketing year and average close to the loan level for the marketing year as a whole. In August and September, growers' prices for most fruits are expected to be as high as a year earlier. Retail prices of canned and frozen vegetables are expected to remain at present levels through the next 6 months. Farmers are expected to receive moderately higher prices for this year's crop of sweetpotatoes than last year's. An active demand for 1951 flue-cured tobacco is expected when marketings begin in the Georgia-Florida area in late July.

OUTPUT AND EMPLOYMENT

Total industrial output in May was maintained at the March-April level. The Federal Reserve Board's index of industrial production, adjusted for seasonal variation, in May was 223 percent of the 1935-39 average compared with 195 in May last year. On the basis of preliminary indications for some basic industries, industrial production in June is expected to continue at about the May level.

Total output of durable manufactured goods has held relatively stable since March, with expansion in industrial and military equipment offsetting a decline in consumer goods. Most metals and building materials have shown little change since March. The index in May, at 277 was down one point from April but one-fifth higher than a year ago. Steel mill activity in May and June continued around record levels. Ingot output in the first half of this year was about 11 percent above last year. Passenger car assembly in May and June has been maintained near the April rate of 500,000 cars per month, while output of most household durable goods has apparently declined considerably further.

The index of nondurable goods output in May remained at the April level of 198 percent of the 1935-39 average. There was a slight gain in textile output following termination of the strike at cotton mills. Paper-board production reached a new record rate in May, but subsequently declined slightly. Chemical production continued to expand, while meat production declined somewhat.

A small gain in mineral output in May reflected primarily the near record volume of iron ore production. The index rose one point to 165 compared with 145 last year. Coal output continued at a reduced rate while petroleum production in May and early June was maintained at record levels.

The National Production Authority recently ordered further cuts in the use of steel for the manufacture of civilian goods. For consumer durables, excluding automobiles, steel use for the quarter beginning July 1 was ordered reduced to 70 percent of the rate of consumption in the base period, generally the first half of 1950. This is a reduction of 10 percentage points from the 80 percent limitation order in effect during the second quarter of 1951.

Limitation on the use of steel for the production of automobiles was reduced to 65 percent of the average quarterly base period use. This compares with use limitations during the second quarter of 78-1/3 percent of the average quarterly rate during the first six months of 1950. The third quarter cut will limit production to about 1.2 million units. 37 percent below the third quarter of 1950, and 25 percent below the first quarter of this year.

Copper and aluminum allocations for the third quarter of this year provide for reductions in most consumer durable uses to 60 percent for copper and, for aluminum, to 50 percent of the quarterly use during the first half of 1950. These compare with second quarter rates of 75 percent of base period usage for copper and 65 percent for aluminum.

Although new orders placed with manufacturers in April were below March, they continued to exceed shipments. As a result, order backlogs of manufacturers rose to 53.2 billion dollars by the end of April, 1.3 billion above March and 31.4 billion above April 1950. More than 86 percent of the value of all unfilled orders of manufacturers, or 46.0 billion dollars, was in the hands of durable goods producers, representing more than 4 months' shipments at the April rate. Backlogs of nondurable goods producers declined slightly during April.

The value of manufacturers' inventories, seasonally adjusted, rose to an estimated 37.7 billion dollars, 1.3 billion above March and 8.5 billion above April a year earlier. Durable goods inventories, at 17.6 billion dollars were up 600 million from March and 3.9 billion from April 1950; stocks of nondurable goods were 800 million greater than in March and 4.6 billion above April 1950.

Expenditures on new construction totaled 2.5 billion dollars in May, 6 percent above April and 10- $\frac{1}{2}$ percent above May 1950. The rise from April was smaller than usual for that time of year, reflecting a drop in new home-building expenditures during May. During the first 5 months of this year, total outlays on new construction amounted to 11.1 billion dollars, 19 percent above the same period in 1950.

Private expenditures for new construction were up about 2 percent from April and only slightly from May a year ago. Expenditures on new residential building dropped 3 percent below April and 18 percent below May 1950. The decline from a year earlier reflected the drop in new starts during the winter and the further downturn in April. Expenditures on non-residential construction were up 6 percent from April and 58 percent from May 1950. Substantial increases over a year ago were shown for commercial, industrial, and public utility building. Private expenditures on new construction during the first 5 months of this year, at 8.1 billion dollars, were 15 percent greater than a year earlier.

Nonfarm housing starts increased to 97,000 in May following the contraseasonal decline in April. Starts in May were about one-third below a year ago but still relatively high compared to May starts in previous years. For the first 5 months of 1951 nonfarm housing starts totaled 445,000, about one-fifth below the same period a year ago but about one-fourth higher than in 1949.

Public construction outlays in May rose 17 percent above the previous month and were 39 percent above May a year earlier. Increasing activity on atomic energy and other industrial plants, military facilities, and highways accounted for most of the rise. Public outlays on new construction during the first 5 months of 1951 averaged 30 percent above last year.

Total civilian employment in May was estimated at 61.2 million persons, 1.1 million above April and 1.5 million above May a year earlier. Most of the rise was due to a seasonal upswing in farm employment. Non-farm employment was up only slightly with declines in some nondefense industries partly offsetting rising employment in defense and related industries. Non-agricultural employment in May, at 53.8 million persons, was 353,000 greater than in April and 2.1 million above May 1950.

The number of unemployed in May--slightly more than 1.6 million--was 135,000 below April and the lowest since October 1945. About 1.0 million additional persons entered the civilian labor force from April to May, bringing the total to an estimated 62.8 million persons, about the same as in May a year ago.

For the first 5 months of 1951, the civilian labor force averaged about 61.9 million persons, the same as in January-May 1950. Total civilian employment on the other hand, averaged 1.9 million higher than in the like 1950 period, with the number with jobs and the number of persons actually at work showing about the same increase. Hours of work per week by all persons at work during the first 5 months of this year averaged about 42.1, compared with 41.7 in the first five months of last year. Reflecting the rise in the number at work and in the average length of the work week, total manhours of employment rose more than 4 percent between the two periods. It appears, therefore, that the expanding labor requirements stemming from the high combined rate of military and civilian production have been met so far by a reduction in unemployment and in increasing average hours of work per week, rather than by an increase in the size of the civilian labor force.

Although the size of the civilian labor force remained unchanged from a year ago, significant changes have occurred in its composition. In May 1951, a larger proportion of women participated in the civilian labor force than in May a year earlier, the percentage rising from 29.4 percent to 30.7 percent. A tendency toward an older age composition of male workers was also evident due largely to the withdrawal from the civilian labor force of males in the lower age groups called into military service. About 85 out of every 100 men in the civilian labor force in May 1951 were over 24 years of age, compared with 83 out of every 100 in May a year earlier.

INCOME AND RELATED FACTORS

Total personal income in April was at a seasonally adjusted annual rate of 244.4 billion dollars, 1.6 billion greater than in March and 30.6 billion above April a year earlier. The flow of income during the first four months of 1951 continued upward, but the rate of increase slowed considerably. From January to April personal income rose at an average annual rate of 1 billion dollars per month in contrast to an average increase of 4 billion dollars per month during the last half of 1950.

The increase from March to April this year was due largely to a further expansion of wage and salary receipts and increased income of farm proprietors.

Total wage and salary receipts in April were estimated at 161.5 billion dollars, 1 billion above March and 26.2 billion above April 1950. Total receipts of wage and salary earners in private industry were virtually unchanged from March as factory pay rolls leveled off. Pay rolls in nondurable goods manufacturing industries generally were stable, while higher pay rolls in some durable goods industries were largely offset by a drop in pay rolls in the automobile industry. Pay rolls in the distributive and service industries were the same as in the previous month.

Department store sales in May were about the same as in April, after adjustment for seasonal factors and trading day differences. The Federal Reserve Board's index of daily average sales, seasonally adjusted, was 301 (1935-39=100), compared with 302 in April and 290 in May a year ago. Dollar

sales throughout the month were quite stable at the April levels with the physical volume of goods sold running below that of a year earlier. Sales of durable goods continued well below the highs reached earlier in the year.

Consumer installment indebtedness registered a contraseasonal decline of 69 million dollars during April, dropping to an estimated 12.9 billion dollars at the end of the month. The decline compares with a rise of 245 million during April of last year. From October 1950 to April 1951, installment credit declined almost 500 million dollars. In contrast, during the six months immediately preceding the tightening of consumer credit controls in October, total installment outstandings rose more than 2 billion dollars. Sale credit on automobiles, declining for the sixth consecutive month, dropped to an estimated 3.9 billion dollars, 297 million below October 1950. Outstanding credit for the purchase of other consumer durable items declined 79 million dollars to an estimated 3.3 billion in April, 309 million below October 1950.

Noninstallment credit outstanding totaled 6.2 billion dollars, 188 million below March. The March-April drop was due almost entirely to a further decline in charge account indebtedness.

Total consumer short time credit at the end of April was estimated at 19.1 billion dollars, 257 million below March and 277 million below October 1950.

COMMODITY PRICES

The general wholesale price level continued to ease off in June. Average prices for the week ending June 26, as measured by the BLS weekly index, were down 0.7 percent from four weeks earlier and 1.5 percent below the peak reached during the week ending March 20, 1951. The drop from late May was due to small declines in all commodity groups except for fuel and lighting products. Farm product prices declined 1.2 percent and food products 0.9 percent over the four week period ending June 26. Although all major groups of industrial commodities, except fuel and lighting products, showed some weakness, only the chemical group registered a significant drop--1.7 percent.

Compared with a year ago, average wholesale prices in late June were up 15.1 percent. Wholesale prices of textiles, chemicals, farm products and foods showed the largest gains, while other groups registered more moderate increases.

The BLS comprehensive index of wholesale prices in May was 182.8 (1926=100), 0.4 percent below April and 17.3 percent above May 1950. The drop from April reflected declines of 1.4 percent in wholesale prices of farm products and 0.4 percent in industrial commodities. Wholesale prices of food averaged 0.8 percent above the previous month.

Table 1.- Group indexes of wholesale prices, week ended June 26, 1951
with comparisons
(1926=100)

Group	: Week : ended : June 26, : 1951	: Week : ended : May 29, : 1951	: Week : ended : June 27, : 1950	: Week ended June 26, 1951 : percentage change from : Week ended : Week ended : May 29, 1951: June 27, 1950	
All commodities	181.1	182.4	157.4	- .7	+ 15.1
Farm products	197.5	199.8	165.4	-1.2	+19.4
Foods	186.5	188.1	162.4	- .9	+14.8
All other than farm and food	170.0	170.9	149.2	- .5	+13.9
Textile products ...	181.2	182.9	137.3	- .9	+32.0
Fuel and lighting products	138.7	138.5	132.8	+ .1	+ 4.4
Metals and products :	188.2	189.4	171.9	- .6	+ 9.5
Building materials .:	225.3	227.3	203.7	- .9	+10.6
Chemicals and allied: products	139.2	141.6	114.5	-1.7	+21.6

Bureau of Labor Statistics.

Lower average prices for most groups of farm commodities in mid-June resulted in a further decline in the over-all average of prices received by farmers. The BAE index of prices received by farmers in mid-June was 301 (1910-14=100), 1 percent below May and almost 4 percent below the all-time high reached in February this year. The May-June drop was the fourth consecutive monthly decline since February. Average prices received for all crops combined were down 3 percent from the previous month, reflecting a substantial drop in prices received for truck crops and small declines for food and feed grains, oilseeds, cotton and "other vegetables." The declines shown for these commodities more than offset a small increase from mid-May in the average price received for meat animals and fruit. Average prices received for all livestock and livestock products combined were stable at the May level of 335 percent (1910-14=100). Average prices received for wool were off 5 percent and poultry and eggs, 2 percent from mid-May. Slightly higher prices received for hogs were primarily responsible for a one percent rise in the meat animal index which offset the declines in wool and poultry products. Dairy product prices continued at about the May level.

Compared with a year ago, average prices received by farmers were up 22 percent. The greatest gains from June 1950 were registered by wool, oilseeds, cotton, poultry and eggs, and meat animals. More moderate increases were shown for all other major commodity groups except "other vegetables" and fruit, which averaged 8 and 3 percent, respectively, below a year earlier.

Table 2.- Group indexes of prices received by farmers, June 15, 1951
with comparisons
(1910-14=100)

Group	June 15, 1951					
	June 15, 1951	May 15, 1951	June 15, 1950	percentage change from		
				May 15, 1951	June 15, 1950	
Food grains	240	244	218	- 2	+ 10	
Feed grains & hay....	217	223	190	- 3	+ 14	
Cotton	353	357	251	- 1	+ 41	
Tobacco	438	438	388	0	+ 13	
Oil-bearing crops ...	358	380	254	- 6	+ 41	
Fruit	200	194	207	+ 3	- 3	
Truck crops	189	239	182	-21	+ 4	
Other vegetables	172	174	186	- 1	- 8	
All crops	263	271	225	- 3	+ 12	
Meat animals	422	418	342	+ 1	+ 23	
Dairy products	269	270	227	<u>1</u> / ₁	+ 19	
Poultry and eggs	217	221	156	- 2	+ 39	
Wool	567	596	316	- 5	+ 79	
Livestock & products	335	335	268	0	+ 25	
Crops & livestock and products	301	305	247	- 1	+ 22	

1/ Less than 0.5 percent decrease.

The BAE index of average prices paid by farmers, including interest, taxes, and wage rates continued at the revised mid-May level of 283 (1910-14=100). Prices paid for commodities used for family maintenance were steady with higher prices for food offsetting seasonal declines in clothing prices. Prices paid by farmers for commodities used in production were off a point in mid-May from a month earlier with higher prices for feeder livestock, farm supplies and farm machinery almost offsetting price declines for feeds, motor supplies and building materials. As a result of the decline from mid-May in average prices received by farmers the parity ratio (index of prices received by farmers divided by index of prices paid, interest, taxes and wage rates) dropped 2 points to 106. A year ago the ratio was 97.

Average prices paid by urban consumers of moderate incomes rose fractionally from April to May. The BIS index of consumers' prices for May was 185.4 (1935-39=100), 0.4 percent above April and 9.5 percent above May 1950. Most of the rise from April was due to higher prices paid for food. Rents continued to advance during the month and prices for clothing and household furnishings also averaged higher. Fuel prices were down slightly from the previous month.

FARM INCOME

Farmers received approximately 12.9 billion dollars from marketings in the first half of this year, or 20 percent more than in the corresponding period of 1950. This gain was partly offset, however, by an increase of 13 percent in average prices farmers paid for goods used in production.

Farmers' receipts from livestock and livestock products were about 9.3 billion dollars, 28 percent above last year. Higher average prices held receipts from all the principal livestock groups substantially above a year ago. Meat animals and poultry and eggs were nearly a third higher than last year, while dairy products showed a gain of about 20 percent.

Crop receipts in the first six months of 1951 were about 3.6 billion dollars, only slightly above a year ago. Higher prices were nearly offset by smaller marketings.

Receipts from marketings in June were around 2.2 billion dollars, slightly above May but 20 percent above June 1950. A slight gain in marketings over May was partly offset by lower average prices, but higher prices accounted for most of the gain over June of last year. Livestock receipts in June were around 1.6 billion dollars, 6 percent below May because of smaller marketings. June receipts from meat animals and from poultry and eggs were lower than in May, but dairy products were about the same. Total livestock receipts in June were nearly 25 percent above June 1950 because of higher prices for all the major livestock groups.

The sale of crops brought farmers about 0.6 billion dollars in June, nearly 40 percent more than in May mostly because of larger marketings of some of the early harvested grains, vegetables, and fruits. Total crop receipts were about 18 percent above a year ago, largely because of higher prices. Receipts were up especially for wheat, corn, oats, flaxseed, soybeans, and truck crops.

LIVESTOCK AND MEAT

Hog production is still increasing. The 1951 spring pig crop was 63.8 millions, 7 percent more than last year, and a 1951 fall pig crop of 42 millions, up 3 percent from last year, was indicated by farmers' intentions on June 1. A 1951 total crop of nearly 106 million pigs would be 5 percent larger than the 1950 crop of 100.5 million and the second largest crop on record. The annual pig crop has increased each year since 1946, when 83 million pigs were saved.

Abundant feed supplies, coupled with strong demand for meat, is largely responsible for the uptrend in hog production. Although feed supplies are still large, this year for the first time in three years more corn is being used than was produced, and the carry-over reserve is being reduced. The price of corn is higher than in several years. The hog-corn price ratio this spring is lower than in either last year or two years ago though still above average. This gradual tightening of the feed supply and reduction of the hog-corn price ratio largely accounts for the fact that the intended gain in the fall pig crop is smaller than last year.

Pork production in January-June was about 9 percent above the same period last year. A 5 to 10 percent larger production is expected this summer than last, and a similar increase over a year earlier may continue when hog marketings begin this fall from the spring pig crop. Not until March of next year, when pork production will be governed by the size of the 1951 fall crop is the increase over a year earlier likely to be reduced.

Beef production in the first half of 1951 was around 6 percent less than the previous year, but in the second half it is expected to rise above a year earlier. A continued gain is likely next year. Cattle marketings dipped to a low in the week ending June 9 and then increased in the latter part of June. Marketings are expected to be larger in July than in June.

Cattle prices declined somewhat in June. Prices at Chicago in late June for the top grades were considerably below the May average, but for the lower grades were close to the average for May.

Hog prices advanced seasonally in June, and a further rise is likely. However, the total seasonal increase will probably be less than usual because of the ceiling prices on pork.

In a 1-month extension of the Defense Production Act of 1950, authority was given for continuing in July the price and slaughter controls on livestock and meat that were in effect the last of June.

DAIRY PRODUCTS

Milk production has passed its seasonal peak and will decline through the rest of 1951. Through May this year, output was 1.5 percent less than in the same period of 1950. However, milk production in 1951 probably will be close to the 120.6 billion pounds produced last year. Pasture conditions are favorable and output per cow probably will continue at a high rate.

Consumption of fluid milk thus far in 1951 apparently has been higher than a year earlier and probably will remain higher throughout the rest of the year. Through April generally, most Federal order markets had reported smaller receipts from producers than in 1950. But in recent weeks receipts at some markets had risen to levels close to a year earlier. Dealers' buying prices for Class I milk are well above last year and may rise further.

Reflecting the larger quantities of milk being consumed in fluid form and larger output of evaporated milk, dry whole milk, and ice cream thus far in 1951, production of butter through May was down 18 percent and cheese 8 percent from last year. However, in the past few weeks output of butter and American cheese has been closer to a year earlier than in March and April due to the favorable milk-producing conditions in the Midwest. Favorable price prospects for cheese, partly due to foreign demand, will tend to maintain relatively larger production in coming months.

With milk production declining seasonally, demand continuing strong or rising and the fat test of milk increasing, average prices received by farmers for milk will advance in coming months. In June, farmers received

\$4.21 per hundredweight for milk compared with \$3.45 a year earlier. The butterfat price was 69.8 cents per pound this year compared with 59.7 cents in June 1950. Both were still slightly below parity in June.

Wholesale prices for manufactured dairy products have remained fairly steady since April but also probably will tend upward in coming months because of decreasing production and expanding demand. Through the week ending June 29 purchases for price support were comparatively small--221,000 pounds of butter, 115,000 pounds of cheese, and 11.6 million pounds of nonfat solids.

POULTRY AND EGGS

Egg prices to farmers dropped slightly from mid-May to mid-June. Wholesale prices have resumed their seasonal rise and in early July were at their highest levels of the season to date. The outlook is for continued seasonal price increases.

Under the new amendment to the General Ceiling Price Regulation a freeze on prices beyond the farm level is no longer automatic when prices received by farmers for eggs reach 100 percent of parity. Meanwhile, the seasonal advance has brought egg prices to levels higher than the maximums of December 19 -January 26--the base period for the current controls on handlers.

Chicken prices in June were lower than a month earlier. Marketings of both young and mature chickens from farm flocks have been increasing seasonally and large broiler marketings resulted from the record placements of 3 months ago.

More chickens are being raised for farm flock replacement this year than last year. June 1 estimates of the number of young chickens on farms are 8 percent higher than a year earlier. This suggests that the number of potential layers on January 1, 1952, will be larger than at the beginning of this year.

Cold storage stocks of eggs reach their seasonal peak in July or August. On June 1, 1951 stocks of shell egg were nearly a record low for the date. Stocks of frozen egg were 11 percent under June 1, 1950, but as the season progresses they may approach the level of last year.

FATS AND OILS

Prices of most major fats and oils have declined substantially from the level reached in February 1951, the peak since the outbreak of hostilities in Korea. The index number of wholesale prices of the 26 major fats and oils, excluding butter, in June was about 205 percent of the 1935-39 average compared with 234 in May, 251 in February and 151 in June 1950. Prices of practically all fats and oils are well below ceilings. Supplies of most fats and oils appear to be ample in relation to demand and in many instances, users may be meeting current needs to some extent out of inventories in unreported positions.

The weakness in demand for fats and oils has also been reflected in declining prices for soybeans and flaxseed. Soybeans (No. 2 Yellow at Chicago) have a ceiling price of \$3.33 per bushel, but late in May, prices dropped below the ceiling and in late June, soybeans were selling for \$3.00 per bushel. Prices of flaxseed have dropped sharply since March and in late June were selling for \$3.45 per bushel (Minneapolis) compared with an average of \$4.33 in May and \$4.89 in March.

Output of primary edible fats and oils other than butter (but including the oil equivalent of oilseeds exported for crushing) is expected to be about 5 percent larger this summer than in the comparable period a year earlier. Increases are expected in edible vegetable oils and in lard. Domestic disappearance of these food fats in the same period is likely to be less than the year before. In July-September 1950, following the outbreak of hostilities in Korea, these uses (including increases in inventories in unreported positions) increased about 1.5 pounds per capita over the comparable period in 1949. Unless exports increase to a level which will offset the expected increase in production and decline in domestic disappearance, factory and warehouse stocks of these food fats on October 1 would be somewhat above the low level at the beginning of the 1950-51 season.

CORN AND OTHER FEED GRAINS

Market prices of feed grains and many of the byproduct feeds declined from May to June. Greatest weakness was in prices of oats and barley, which have declined more than seasonally in recent weeks. Average prices received by farmers for feed grains continue above the 1950 support, but below the parity levels. In June, feed grain prices averaged 15 percent higher than a year earlier. Prices of many of the protein feeds, on the other hand, were near or a little below June 1950 levels, with cottonseed meal and fish meal the principal exceptions. Linseed meal has been especially weak and in June prices at Minneapolis were \$10 to \$20 per ton lower than prices of other oilseed meals at important mid-western and southern markets. Price ceilings were established on fish meal and scrap in late May. Processors' ceilings at Pacific, Atlantic, and Gulf Coast points are \$135.60 per ton for fish meal and \$129.60 per ton for fish scrap, 60 percent protein, in carload quantities, bulk, f.o.b. processing plants. These ceilings are subject to adjustment for protein content.

Following adverse weather conditions for feed crops early this spring, more favorable conditions during May brought feed prospects to about normal by early June. Corn planting made rapid progress in late May and was nearly completed by June 1. An oats crop of 1,341 million bushels was indicated by June 1 conditions, 8 percent smaller than in 1950. The indicated barley crop of 255 million bushels is about 15 percent smaller than last year, principally as a result of the reduced acreage. Based on these indications the oats supplies are expected to be a little smaller than a year ago and the barley supplies about 10 percent smaller. Sorghum grain acreage is now expected to be larger than was indicated by prospective plantings in March, but the crop probably will be below the record of last year.

Pasture and hay conditions have been unusually good in recent months for the country as a whole. Excellent growing conditions in the North Central States have more than offset adverse conditions in dry areas of the South and parts of the West. The 1951 hay supply is expected to total about 123 million tons, which would provide ample forage for the prospective hay-consuming livestock to be fed.

The stronger demand for feed during 1950-51 and the smaller 1950 corn crop has resulted in much less feed grains going under price support this year than last. Through April, only 49 million bushels of corn had been placed under price support--much less than in the 2 previous years. A total of about 4.0 million tons of 1950 feed grains were placed under price support compared with 14.6 million tons from the 1949 crop and 18.0 million tons from the 1948 crop.

WHEAT

Average wheat prices have declined since early May, reflecting in part improvement in moisture conditions and plentiful market supplies. The seasonal decline in average prices to a new crop basis this year may be delayed and lessened by the reduced early movement to market of winter wheat and the relative heavy rate of exports now in prospect for the early months of the new marketing year. Price support for 1951-crop wheat was announced June 29, at a national average of \$2.18 per bushel to growers. This compares with \$1.99 for the 1950 crop. Equivalent prices at selected markets are: For No. 2 Hard Winter at Kansas City, \$2.44; No. 1 Dark Northern Spring at Minneapolis, \$2.47; No. 2 Red Winter at St. Louis, \$2.49; and No. 1 Soft White at Portland, \$2.40. The price of No. 2 Hard Winter wheat at Kansas City on July 2, at \$2.30 was 4 cents below the new crop loan level of \$2.44 with 10 cents storage deduction.

If disappearance and exports exceed the final crop outturn, prices may be expected to average close to the loan level, for the 1951-52 marketing year as a whole. With the increase in the loan rates for the 1951 crop, prices are expected to average above a year earlier. Wheat prices probably will not fall materially below loan levels as they have in some past years. Even though prices may be expected to weaken following the 1951 harvest, they are expected to advance later, as they have in other years in which loans have been available.

Total wheat supplies for the marketing year beginning July 1, 1951 are now estimated at about 1,479 million bushels, consisting of a crop of 1,054 million bushels (June 1 basis) and probable imports of feeding quality wheat of about 50 million bushels, in addition to the carry-over estimated at about 375 million bushels. Supplies of this size have been exceeded in only three years.

Domestic disappearance may total about 778 million bushels, which would leave about 700 million bushels for exports and carry-over. If exports total about the same as the 365 million bushels estimated for 1950-51, about 335 million would remain for carry-over July 1, 1952. The final size of exports in 1951-52 will depend upon the way the crops turn out in both exporting and importing countries, the size of United States foreign aid programs and the extent of any stock piling in importing countries.

World production prospects for the 1951 wheat and rye crops point to total production about the same as or slightly below the high level of 1950. No significant change from 1950 harvest is now indicated in North America, Europe, or Asia, but some net decline seems probable in Africa. An over-all reduction in Western Europe seems probable. In Eastern Europe prospects are better than last year, especially in the Balkans where crops were reduced by drought last year. No significant net increase from last year's comparatively low acreage is expected in the Southern Hemisphere, where wheat seeding is now under way.

FRUIT

With supplies larger, grower prices for most fruits in July may average below July 1950, even though demand is stronger. But later in summer, prices for most fruits may be about the same as a year earlier.

Prospects on June 1 were for the 1951 deciduous crop to be moderately larger than the 1950 crop. Increases in production of peaches, plums, prunes, grapes, and strawberries are expected to more than offset decreases in apricots, apples, and cherries. Pear production is expected to be about as large as in 1950.

The 1951 crop of peaches in the 10 southern early States is estimated to be about 3 times the short 1950 crop and near 1940-49 average production. With heavy marketings from these States in July, grower prices are not expected to average as high as in July 1950. But in August, marketings from other States, including canning peaches, probably will be only moderately larger than in August 1950, and grower prices may be about the same.

With production of apricots considerably smaller than the near-average 1950 crop, and demand stronger, grower prices for apricots in July are expected to average above 1950 prices. Prices for pears in July probably will be about the same as 1950 prices. But prices for apples may not be quite as high as in July 1950 because of larger prospective marketings that month.

Supplies of fresh citrus fruits remaining to be marketed after June 23 were moderately larger than comparable supplies a year earlier. With the prospect for continuing large supplies of oranges this summer, grower prices in July probably will not average as high as in July 1950. Fresh citrus fruit marketed this summer will face the competition of larger supplies of canned and frozen citrus juices, at lower prices, than in the summer of 1950.

In Florida, output of canned citrus juices through June 16 of the 1950-51 season exceeded 41 million cases (24-2's), about 24 percent larger than in the same part of the 1949-50 season. Output of frozen orange concentrate of 27.5 million gallons by June 16 was 28 percent larger. Packers' stocks of the canned and frozen juices were considerably larger on June 1 than a year earlier.

Stocks of canned apricots, peaches, pears, pineapple, and fruit cocktail in the hands of packers on June 1, 1951 were 62 percent smaller than

comparable stocks a year earlier. But wholesaler stocks were 34 percent larger. Combined packer and wholesaler stocks were 10 percent smaller. On June 1, 1951, packers' stocks of canned apples and applesauce from the record 1950-51 packs were about $3\frac{1}{2}$ times the stocks on June 1, 1950.

Under a set-aside order covering 1951-pack canned fruits and pine-apple juice, effective May 26, 1951, processors are required to set aside for defense use total amounts of the items included equalling approximately 16 percent of their base period packs, mostly 1950. The set-asides for the 13 items included range from 10 percent for blackberries to 41 percent for figs. Total packs in 1951 are expected to be enough larger to offset these set-asides so that civilian supplies in 1951-52 will be about as large as in 1950-51.

COMMERCIAL TRUCK CROPS

For Fresh Market

Prices received by farmers for truck crops produced for fresh market sale in July and August are expected to decline seasonally. Supplies produced for shipment are expected to be slightly smaller than last summer and this fact, plus the strong demand anticipated, add up to a moderately higher general level of truck crop prices this summer. Cantaloups are expected to be considerably shorter in supply this summer than last and much higher priced. On the other hand, the reverse is indicated for early summer peppers and tomatoes.

For Commercial Processing

With favorable weather, production of truck crops for commercial canning and freezing this year will be adequate to provide for the increased military requirements and the sustained high level demand of civilian consumers. Indications are that acreages planted to truck crops for processing will be larger than last year for lima beans, snap beans, sweet corn, green peas, cucumbers, spinach, and tomatoes. Acreage of beets for processing may be nearly as large as last year. Smaller acreage than last year is probable for cabbage for kraut and pimientos. Generally higher prices than last year were offered farmers under contract in order to get the acreage increases indicated this year.

Indicated acreages of the processing crops of lima beans and cucumbers for pickles are substantially larger than those suggested in the production guides for 1951 and production of spinach for processing reported to date indicates a probable total considerably larger than suggested.

Consumer demand for canned and frozen vegetables is expected to continue strong, but movement of processed vegetables may not be as brisk in the next 12 months as it was in the last when there were periods of stock-up buying. Retail prices of canned and frozen vegetables are expected to remain about as high as at present through the next 6 months.

POTATOES AND SWEETPOTATOES

Prices received by farmers for potatoes in July and August are expected to average above the very low prices received a year earlier. There is no price-support program for potatoes this season. Intended acreage is down considerably from last year. Indicated early commercial production for summer harvest in States for which estimates are made is down more than 6 million bushels, or more than one-fourth from last year's production. Also in contrast to last year, the summer crop this year will be coming to a market not already flooded with late spring potatoes. The crop in the early commercial States for late spring harvest this year is about one-third smaller than a year earlier. As usual, additional supplies not included in the early commercial estimates will be marketed from other States in July and August.

The first estimate of sweetpotato acreage planted in 1951 will be available early in July. It is expected to show a substantial cut from last year, as was indicated by farmers' intentions in the March survey. If production falls short of last year's below-average figure, it seems likely that farmers can expect moderately higher prices for this year's crop.

COTTON

The daily rate of mill consumption for the period ending June 2 measured 7 percent over that for the preceding period which ended May 5. This increase was partially due to the end of a strike at some Southern textile mills. Value of manufacturers' sales of cotton textiles declined 7 percent from March to April and inventories declined about 1 percent. The wholesale price index of cotton goods declined about 1.5 percent from March to April.

The 10-spot market average price for Middling 15/16 inch cotton remained at or near ceiling levels during June. The price received by farmers declined from May to mid-June, and the parity price continued to rise slightly. On June 15, the parity price was 33.98 cents per pound. Mill margins during June narrowed somewhat because of a decline in the price of gray goods.

On June 12 the Secretary of Agriculture announced an initial export allocation of 2.5 million bales for the 1951-52 season. Licenses against this allocation will be issued between August 1 and November 30. Additional allocations will be announced as more information concerning the supply and disappearance of cotton becomes available.

On June 1 the Department of Agriculture announced that all 1950-crop loan cotton still under loan on August 1, 1951 will be pooled on that date for producers' accounts. The loans mature July 31. On June 7 the CCC had outstanding loans on 3,226 bales of cotton.

In late June, boll weevils had made their appearance throughout the Cotton Belt. Under normal weather conditions the boll weevil population probably will not attain the high concentration of last season. As of early June, the pink bollworm situation was probably more serious in Texas than in any previous year.

The International Cotton Advisory Committee estimates that world cotton production during 1951-52 may be about 35 million bales. This would be about 28 percent larger than the crop of 1950-51. They estimate that production outside the United States will increase from 17.6 million bales in the 1950-51 season to 19.0 million in the 1951-52 season, an increase of about 8 percent. The world estimate for 1951-52 assumes the 1951 production goal of 16 million bales for the United States.

WOOL

Prices of wool in both foreign and domestic markets continued to decline. By the end of June, prices of apparel wools at the Australian markets ranged from 40 to 55 percent, depending on grade, staple, etc., below the peak levels of March, but were still 25 to 35 percent above levels prevailing a year earlier.

Prices at Boston of both imported and domestic wools have shown a trend similar to that of prices in foreign markets. For the week ended June 29, Australian 64s, 70s good topmaking wool was quoted at \$2.45 per pound, clean basis, American yield, in bond at Boston. This compared with the peak of \$3.65 for the week ended March 16 and \$1.78 at mid-June of last year. The price of domestic fine staple territory wool, which was quoted at a peak of \$3.80 at mid-March, declined from \$3.10 at mid-May to \$2.80 for the week ending June 29.

Cash prices received by domestic growers for shorn wool during recent months have reflected the downward trend of wool prices in foreign markets. Prices received by growers averaged 101 cents per pound, grease basis, at mid-June, compared with 106 cents in mid-May, the record high of 119 cents at mid-March, and 57.6 cents at mid-June of last year.

Consumption of apparel wool by domestic woolen and worsted mills totaled 98 million pounds, scoured basis, during the first quarter of this year. The average weekly rate of consumption declined during both February and March, due partially to work stoppage in some mills during those months. During the first quarter, mills consumed 43 million pounds, scoured basis, of carpet wool compared with 51 million pounds during the same quarter of 1950.

The substitution of other fibers for new wool has increased considerably because of the greater rise in wool prices than in prices of synthetic materials. Although raw apparel wool consumption and carpet wool consumption on the woolen and worsted systems during the first quarter were 9 percent and 17 percent, respectively, less than during the same quarter of 1950, output of apparel yarn on the woolen and worsted systems increased almost 4 percent and output of carpet yarn declined only 2 percent.

Imports for consumption of dutiable (apparel) wool during the first four months of the year totaled 117 million pounds, clean basis, or 188 million pounds, actual weight. On a clean basis, this was about 32 million pounds or 38 percent more than the quantity imported during the same months of last year. However, imports of duty-free (carpet) wool amounted to only 51 million pounds, clean basis, or 73 million pounds, actual weight, about 22 million pounds, clean basis, less than the quantity imported during January-April 1950.

TOBACCO

An active demand for 1951 flue-cured tobacco is expected when auction marketings begin in the Georgia-Florida area on July 19. Prices received by growers in this area last season averaged 48.3 cents per pound--the highest on record. The 1951 level of price support for all flue-cured types 11-14 combined is 50.7 cents per pound compared with 1950 crop support level of 45 cents. The support level is computed at 90 percent of parity. The parity index (prices paid by farmers including interest, taxes, and wage rates) advanced 11 percent between June 1950 and June 1951. Flue-cured tobacco is a major component of domestic cigarettes and also the predominant export type. Cigarette manufacture in the fiscal year ended June 30 is estimated at 410 billion--7 percent above the previous year and is likely to continue at a record level in the year ahead. Export prospects in 1951-52 also are favorable.

Approximately 47 percent of the 1950 Maryland crop had been sold by the end of June. Auction prices averaged close to 50.2 cents for the season thus far. This was 3 percent higher than the average during the corresponding period of last season when the 1949 crop was selling. The season average price for the 1949 crop was 48.3 cents per pound. Maryland tobacco placed under Government loan through late June averaged 12 percent of net sales compared with 7.3 percent during the 1949 season.

Smoking and chewing tobacco consumption during January-May of this year were indicated at 3 percent less than in January-May 1950. Manufactured smoking tobacco (mostly for pipes) declined slightly more than chewing tobacco. Principally, dark air-cured and Burley tobacco go into chewing and smoking products, but the main outlet for Burley is cigarettes.

Use of snuff, the principal domestic outlet for fire-cured tobacco, was up 5 percent in January-May 1951 compared with that in the same period of last year. Exports are a relatively important outlet for fire-cured leaf and during July 1950-April 1951, were 23 percent larger than in July 1949-April 1950. The bulk was Kentucky-Tennessee fire-cured, and the increase in exports of these types more than offset the moderate decrease in Virginia fire-cured exports.

Cigar consumption in the United States in January-May 1951 was about 6 percent higher than in the same months of 1950. For the year ending June 30, estimated consumption is about 5 2/3 billion compared with a little less than 5 1/2 billion in the period July 1949 to June 1950.

United States tobacco exports are expected to be larger in 1951-52 than in 1950-51. Several important importing countries have improved their dollar position. E.C.A. purchase approvals for United States tobacco between January 1 and late June totaled about 45 million dollars. Most of this tobacco will be shipped during the last half of this year.

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